

Message Text

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OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
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PASS COMMERCE FOR DAVID A. PETERSON

E.O. 11652: N/A
TAGS: EIND, OECD
SUBJECT: MARCH 13-15 MEETING OF AD HOC GROUP ON FUTURE
INDUSTRIAL STRUCTURES

REF: DSTI/IND/78.07

SUMMARY. GROUP AGREED FIRST PHASE OF WORK WAS CONSTRUCTIVE AND SUPPORTED NEW TWO-YEAR MANDATE WHICH, INTER-ALIA, WOULD LEAD TO IN-DEPTH DISCUSSIONS OF INDUSTRIAL POLICY ISSUES IN CONTEXT OF ALTERNATIVE SCENARIOS DEVELOPED BY WP-2 OF ECONOMIC POLICY COMMITTEE. GROUP ALSO NOTED THAT WORK ON FUTURE INDUSTRIAL STRUCTURES IS INCREASINGLY BEING SEEN AS MICRO-ECONOMIC COUNTERPOINT TO OTHER ECONOMIC ANALYSES DONE ELSEWHERE IN THE ORGANIZATION. IN THIS CONTEXT GROUP RECOGNIZED DIFFICULTIES IN OBTAINING DATA FOR SECTORAL PROJECTIONS. END SUMMARY.

1. IMPLICATIONS OF 1985 SCENARIO - DSTI/IND/78.09
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MR. KEATING OF WP-2 SECRETARIAT EXPLAINED WP-2 WORK ON INVESTMENTS IN CONTEXT OF ALTERNATIVE MEDIUM-TERM GROWTH SCENARIOS TO IDENTIFY POTENTIAL "ENGINES OF RECOVERY". KEATING NOTED WP-2 WILL EXAMINE SUCH ISSUES AS RELATIONSHIPS BETWEEN INVESTMENT AND PRODUCTIVITY, PUBLIC EXPENDITURES, INVESTMENT REQUIREMENTS, WAGE-PRICE INTERACTION AND EMPLOYMENT GENERATION. ON LATTER

POINT BECKLER ASKED KEATING HOW ONE BLENDS CONCLUSIONS OF SECTORAL AND MACRO ANALYSIS SINCE FORMER INDICATES THAT FUTURE INVESTMENT WILL NOT CREATE MANY NEW JOBS WHILE THE LATTER IS MORE OPTIMISTIC. KEATING SAID, IN EFFECT, THAT NO ATTEMPT HAS YET BEEN MADE TO CONSOLIDATE SECTORAL AND MACRO ANALYSIS. VIRTUALLY ALL DELS SUPPORTED US DEL VIEW THAT INTEGRATION OF MACRO AND MICRO ANALYSIS IS ESSENTIAL FOR GOVERNMENTAL POLICY, AND REPRESENTS FAIRLY NEW GROUND. US DEL ALSO MADE POINT THAT CLOSER LINKAGE BE ESTABLISHED BETWEEN FIS AND WP-2 INVESTMENT STUDY. SECRETARIAT (LOUTZ) SAID DOCUMENTS ARE SHARED WITH WP-2 AND INDUSTRY SECRETARIAT ATTENDS WP-2 MEETINGS. (WP-2 MET CONCURRENTLY WITH FIS. HOPEFULLY IN FUTURE GREATER COORDINATION OF MEETING DATES FOR TWO GROUPS CAN BE ACHIEVED.) OECD CONSULTANT DE BANDT SAID THAT PRELIMINARY ANALYSIS SUGGESTS THAT INDUSTRIAL PRODUCTIVITY WILL BE EXPORT LED. THUS, HE CONCLUDED, INTERDEPENDENCY WILL INCREASE SUGGESTING, INTER-ALIA, NEED FOR MORE ANALYSIS OF COMPETITIVENESS BETWEEN OECD MEMBERS AND IMPLICATIONS FOR NORTH/SOUTH RELATIONS.

IN CONCLUDING THIS DISCUSSION, GROUP ASKED THE SECRETARIAT TO PREPARE DISCUSSION PAPERS FOR FUTURE MEETINGS OF EXPERTS. USING EXISTING, BUT MORE FULLY DEVELOPED SECTORAL ANALYSES, PAPERS WILL FOCUS ON SECTORS HAVING UNCLASSIFIED

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HIGH ENERGY CONSUMPTION, HIGH RAW MATERIAL CONTENT, HIGH CAPITAL INTENSITY, HIGH LABOR INTENSITY, HIGH POLLUTION, LOW GROWTH AND ADVANCED TECHNOLOGY CHARACTERISTICS. THIS WORK WILL BE DONE IN CLOSE COLLABORATION WITH OTHER PARTS OF OECD WHERE EXISTING EXPERTISE AND RELEVANT STUDIES MAY ALREADY EXIST.

2. DATA PROBLEMS - DSTI/IND/78.08

IN RESPONSE TO SECRETARIAT REQUEST FOR MORE DATA AND PROJECTIONS FOR MORE IN-DEPTH DISCUSSIONS, FRANCE AND SWEDEN SAID THEY COULD PROVIDE SOME OF THE DATA (SEE ANNEX I TO REF DOC.). FRANCE ADDED IT IS CURRENTLY PREPARING PROJECTIONS FOR FORTY INDUSTRIES. FRG SAID IT HAS CONTRACTED WITH FIVE PRIVATE RESEARCH INSTITUTES TO EXAMINE STRUCTURAL DEVELOPMENTS IN FORTY SECTORS ON HISTORICAL BASIS; NO PROJECTIONS WILL BE ATTEMPTED. THESE STUDIES WILL ANALYZE AND EXPLAIN WHY CHANGES OCCURRED. FRG DEL SAID FIRST REPORT IS DUE IN AUGUST 1979. RE PROJECTIONS FRG DEL MADE OFT-REPEATED COMMENT THAT FRG DOES NOT MAKE SECTORAL PROJECTIONS AL-

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THOUGH IT DOES ATTEMPT MACRO-ECONOMIC FORECASTS. THE CHAIR ACKNOWLEDGED THAT PAST DEVELOPMENTS ARE RELEVANT TO FUTURE. EC REP SAID WORK IS UNDERWAY TO STUDY IMPACT OF ENERGY CRISIS ON INDUSTRIAL SECTORS, BUT NOTED THERE WAS SOME "FOOT DRAGGING" BY THE EC. (HE DID NOT EXPLAIN WHY). UK, LIKE FRG, HAD NO DIS-AGGREGATED DATA PROJECTIONS, BUT WILL PROVIDE ANALYSIS OF PAST. WHILE AGREEING WITH POSITION OF US DEL THAT CASE STUDIES SHOULD BE AVOIDED, SECRETARIAT (LOUTZ) SAID COUNTRIES WISHING TO PARTICIPATE SHOULD BE AS INDUSTRY-SPECIFIC AS POSSIBLE. HE ADDED THAT SUCH QUESTIONS AS IMPACT OF TECHNOLOGY AND HIGHER ENERGY COSTS ON INDUSTRY SHOULD BE ADDRESSED, AND AGREED WITH UK SUGGESTION THAT SUCH STUDIES INCLUDE INTER-SECTORAL RELATIONSHIPS. DIRECTORATE HEAD BECKLER ALSO ASKED DELS TO BE AS INDUSTRY-SPECIFIC AS POSSIBLE AND, TO ILLUSTRATE POINT, ASKED IF PROBLEMS CONFRONTING STEEL INDUSTRY WERE CYCLICAL OR STRUCTURAL. HE ALSO REFERRED TO AUTO INDUSTRY STUDY BY INTERFUTURES WP WHICH IS EXAMINING SUCH ISSUES AS PRODUCTION AND MARKET SHIFTS, NORTH-SOUTH RELATIONS AND IMPACT OF TECHNOLOGY. HE CONCLUDED WITH OBSERVATION THAT WORK ON FIS IS

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"AT CENTER OF INTELLECTUAL THOUGHT IN OECD".

3. FINAL REPORT - DSTI/IND/78.13

GROUP CONSIDERED FINAL VERSION OF REPORT ON DEVELOPMENT OF INDUSTRIAL STRUCTURES AND REAFFIRMED SUPPORT OF EARLIER INDUSTRY COMMITTEE DECISION TO ONLY DERESTRICT ITS "CONCLUSIONS".

4. DRAFT MANDATE FOR FUTURE WORK - DSTI/IND/78.12

THE GROUP APPROVED PROPOSED TWO-YEAR MANDATE FOR A WORKING PARTY ON FIS WHICH WILL BE DISCUSSED BY INDUSTRY COMMITTEE MEETING IN APRIL.

5. OTHER BUSINESS

CHAIRMAN NANCY INFORMED GROUP THIS WAS HIS LAST MEETING AS HE HAD RETIRED FROM GOVERNMENT SERVICE.
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